



EXPLANATORY NOTES TO CHANGES IN CORPORATE INCOME TAX FORM FOR TAX PERIOD

2018

As of February 19th 2019, a new version of the Corporate Income Tax Form (Form C 2018) for companies and other corporate income tax payers is available, for the tax period 2018, which incorporates legislative and administrative changes that are applicable under various acts passed by the parliament. This document summarizes all the changes to the CIT form that were made for 2019.

Taxpayers should note that the changes are only applicable to the form for tax period 2018. For prior year tax periods, the forms remain unchanged.

There are two parts to the changes made to the formlines.

Part 1: Changes to Item 7 - Schedule of Revenue Foregone

The changes described below now require the tax payer to separately calculate and report incentive deductions/exemptions allowable under the Income Tax Act (ITA).

1. Item 7 – Schedule of Revenue Foregone now contains mandatory fields that have to be completed by the taxpayer ***IF*** the tax payer wishes to claim incentivised deductions/exemptions allowable under the ITA.
2. The schedule has been rationalised to include only incentives and exemptions that are applicable from 1st January 2018. All other items under the schedule that have been revoked ***or*** have an inbuilt sunset clause ***or*** are otherwise not applicable have been deleted from the form.
3. The taxpayer is ***URGED TO TAKE NOTICE*** of the instructions provided within parenthesis under each formline of this Item 7 – Schedule of Revenue Foregone, when calculating their income tax payable. It is important that the tax payer segregates these specific deductions/exemptions from others in order for IRC to assess the correct taxable income. ***At no point must the tax payer double count between any formline listed under Items 1-7***

Part 2: Changes to Items 4 and 5 of the CIT form

Old Form Line	New Form Line	Description	Instructions to declare/report
402 Resource royalty and development levy (S161A)	311 Resource royalty and development levy (S161A)	The form line has been <i>shifted from Item 5 – Other Credits and Rebates to Item 4 – Less: Items deductible</i> . For purposes of tax calculation, the expenditure is treated as a deduction rather than a tax credit.	The amounts entered here remain the same as previously entered. It is the expenditure incurred by the tax payer on payments of Resource Royalties and Development Levy during 2018 assessable year of income.
302 Depreciation– additional (Specify here:)	302 Depreciation – Incentive Only	This formline aggregates incentivised depreciation deductions separately from normal depreciation allowable by ITA. The specific incentives are listed in under Item 7 - Schedule of Revenue Foregone line 618-623.	This field is now a calculated field. The tax payer must enter the specific deduction amounts under the corresponding formlines 618-623. The excel version will automatically aggregate the value. In the PDF version, the taxpayer must add the values entered between 618-623 and then enter the aggregated amount under line 302.
306 Section 155N deduction	306 Section 155 incentive deductions for mining, oil and petroleum only	This formline aggregates incentivised deductions provided under section 155 of the ITA, to designated mining, oil and gas companies, separately from normal depreciation allowable to them by the ITA. The specific incentives are listed under Item 7 - Schedule of Revenue Foregone line 627-631.	This field is now a calculated field. The tax payer must enter the specific deduction amounts under the corresponding formlines 627-631. The excel version will automatically aggregate the value. In the PDF version, the taxpayer must add the values entered between 627-631 and then enter the aggregated amount under line 306.
307 Double deductions	307 Double Deductions	This formline aggregates incentivised double deductions allowable by the ITA. The specific incentives are listed under Item 7 - Schedule of Revenue Foregone line 616-617.	This field is now a calculated field. The tax payer must enter the specific deduction amounts under the corresponding formlines 616-617. The excel version will automatically aggregate the value. In the PDF version, the taxpayer must add the values entered between 616-617 and then enter the aggregated amount under line 307.
309 Other tax edductible items not otherwise claimed	309 Other incentivised tax deductible items	This formline aggregates all other incentivised deductions allowable by the ITA that have not previously been deducted. The specific incentives are listed under Item 7 - Schedule of Revenue Foregone lines 606-610; 624-626; 635.	This field is now a calculated field. The tax payer must enter the specific deduction amounts under the corresponding formlines 606-610; 624-626; 635. The excel version will automatically aggregate the value. In the PDF version, the taxpayer must add the values entered in 606-610; 624-626; 635 and then enter the aggregated amount under line 309.
310 Net Exempt Income	310 Net Exempt Income	This formline aggregates the amount of incomes that are exemted from tax by the ITA and are deducted from the total gross income under Item 1 - Income. The specific incentives are listed under Item 7 - Schedule of Revenue Foregone lines 600-604.	This field is now a calculated field. The tax payer must enter amount of income exempt under the corresponding formlines 600-604. The excel version will automatically aggregate the value. In the PDF version, the taxpayer must add the values entered in 600-604 and then enter the aggregated amount under line 310.